**Labour standards, Voluntary Deductions & Pay Stubs**

**Labour Standards**

The Labour Standards Division promotes and enforces provincial employment standards established under The Labour Standards Act*.* The Act provides in-depth information pertaining to legislation and regulations on annual holidays, hours of work, minimum wage and other employment standards. They have a large play in what can and can’t be deducted from your wage.

Employment standards have been created to protect your rights. They are very clear about what may, and may not, be deducted from your paycheque.

Your wages CAN ONLY be deducted for:

* Statutory requirements such as Income Tax, Canada Pension Plan, Employment Insurance, pension plans or union dues.
* Voluntary deductions such as Canada Savings Bonds, charitable contributions and social funds where the employee gives specific consent.
* Voluntary employee purchases.
* Deductions agreed to by a majority of employees for items such as group insurance or other employee benefits.

Your pay statement **must** identify each deduction taken from your pay.

Your wages CANNOT be deducted for:

* Breaking equipment. For example:  
  - A server drops a plate  
  - A taxi driver gets into a car accident  
  - An employee puts diesel into a gasoline engine
* Cash shortages. For example:  
  - The cash register or server float is short money  
  - VLT (Video Lottery Terminal) shortages
* Mandatory training. For example:  
  - A receptionist is required to take a training course and then finds another opportunity after the course
* Improper use of company equipment. For example:  
  - A courier uses the company truck to run personal errands   
  - An office worker uses the company cell phone after working hours
* Actions taken by others. For example:  
  - A customer leaves a bar or restaurant without paying their bill  
  - A driver leaves the gas station without paying

An employer is also prohibited from requiring an employee to return wages already paid for any illegal deductions.

While you cannot have wages deducted for the above examples, repeated errors may cause you to lose your job. In cases of willful destruction, theft or other circumstances, a court order can be issued to deduct wages.

It is your responsibility to perform the duties assigned to you. It is your employer’s responsibility to provide fair wages and a safe workplace. Providing respect for each other is a shared responsibility.

If you think your wages have been unlawfully deducted, you should first talk to your employer to ensure it was not an error.

If your situation is not resolved, you can contact Labour Standards to launch a formal complaint within one year of the last day that wages were payable.

**Voluntary Deductions:**

Voluntary Deductions are amounts that you authorize your employer to take off of your pay cheque. At no time is an employer authorized to take the following off of your cheque without your permission. In addition, an employer may not be willing to deduct certain voluntary programs that they do not approve and you will have to pay into the programs on your own. Some of the voluntary deductions you could have taken off of your cheque include:

* **Insurance Plans** – Additional medical, health, dental and disability benefits that you may need to access in the future.
* **Canada Savings Bond** - Amounts that are available for purchase between a specific dates. The amounts purchased will be taken off of your cheque and put into a CSB account which you will accrue interest. The idea is a savings account that allows you to grow your payroll deductions.
* **Contributions** – Money taken off and deposited to an account managed by members of a professional organizations, unions or federations. The money is usually used to provide Super-Annuation or Pension payments when you retire. There are many different types of programs that are out there and the terms are usually negotiated between employees, employers and representatives looking after the money.

* **Staff Association Dues** – Amounts deducted for social events or other initiatives by the staff.
* **Charitable Donations –** Amounts taken off of your cheque and given to a charity.
* **Maintenance of Dependants** – Money usually agreed to by the courts to support anyone who is a dependent of you. This usually occurs once a divorce or separation has occurred.

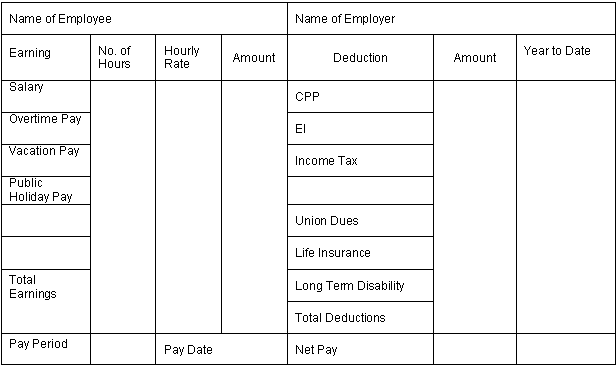
**Garnishment of Wages**

**Wage garnishment**, the most common type of garnishment, is the process of deducting money from an employee's monetary compensation (including [salary](http://en.wikipedia.org/wiki/Salary)), sometimes as a result of a [court order](http://en.wikipedia.org/wiki/Court_order). Wage garnishments continue until the entire debt is paid or arrangements are made to pay off the debt. Garnishments can be taken for any type of debt but common examples of debt that result in garnishments include:

* [child support](http://en.wikipedia.org/wiki/Child_support)
* [defaulted student loans](http://en.wikipedia.org/wiki/Student_loans_in_the_United_States)
* [taxes](http://en.wikipedia.org/wiki/Tax)
* [unpaid court fines](http://en.wikipedia.org/wiki/Court_costs)

**Your Paystub**

Most pay stubs have certain parts in common. They may look like the example below.



**Explanation of Terms**

|  |  |
| --- | --- |
| **Name of Employee** | Your name |
| **Name of Employer** | Name of the company or organization you work for |
| **Total Earnings** | Kind of earnings; for example, salary, vacation and public holiday pay, bonus, commission, and overtime pay. When annual holiday (vacation) pay is paid on each paycheque, it must be shown on your pay stub. Please note that tips are not considered wages, as they are not paid by the employer. |
| **Number of Hours** | Number of hours you worked. On some pay statements, where time is broken into units or hours, this is called number of units or number of hours. |
| **Hourly Rate** | The amount of money you earned per hour |
| **Amount** | Total for that kind of earning (hourly rate X number of hours) |
| **Deduction** | Amounts taken off your cheque for different reasons. The most common deductions, which you will see on every paycheque: Canada Pension Plan or CPP, Employment Insurance or EI, and Income Tax. Other deductions often include: Union Dues, if you're a member of a union; Life Insurance, in the event that you die; Long-term Disability insurance, in the event that you are seriously injured or develop a long-term illness and can't work. |
| **Year to Date** | The total deductions in each category since the beginning of the year (optional) |
| **Total Earnings** | Your total earnings in the current pay period (gross pay) |
| **Total Deductions** | Total taken off your cheque this pay period and since the beginning of the year |
| **Pay Period** | The time you're being paid for on this pay statement; for example, Apr. 1 - Apr. 15 |
| **Pay Date** | Date the cheque is issued |
| **Net Pay** | Your take-home pay after all deductions |

|  |  |
| --- | --- |
| Tip | When you start a job, keep track of the days and hours you work in a notebook or on the calendar. Check your pay stub to make sure it's accurate. Talk to your employer right away, if you have questions or concerns about your pay. Always keep your pay stubs in a file folder, shoebox or other storage container |

Michael gets paid every two weeks and this is the pay stub from his first paycheque.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name of Employee: Michael Jones | | | | Name of Employer: Earl's Eating Emporium | | |
| Earning | No. of Hours | Hourly Rate | Amount | Deduction | Amount | Year to Date |
| Salary | 30 | $10.00 | $300.00 | CPP | $12.91 | $12.91 |
| Overtime Pay | 2 | $15.00 | $30.00 | EI | $9.68 | $9.68 |
| Vacation Pay |  |  | $17.30 | Income Tax | $48.43 | $48.43 |
|  | | | |  | | |
| Total Earnings | $347.30 | | | Total Deductions | $71.02 |  |
| Pay Period: June 10 - June 24, 2012 | | Pay Date: June 29, 2012 | | Net Pay: | | $276.28 |

What is Michael's hourly rate of pay?

How many hours in total did Michael work during this pay period?

What is the pay period for this paycheque?

How many days from the end of the pay period does the employer have to pay Michael? Did the employer follow the Labour Standards rules?

Michael received $30.00 in overtime pay. Explain how Michael's overtime pay was calculated.

Why is the amount of EI (Employment Insurance) deducted on this paycheque the same as the amount in the "Year to Date" column?

How did the employer come up with the amount of $276.28 as Michael's net pay?